

**Internal Revenue Service**  
P.O. Box 2508  
Cincinnati, OH 45201

**Department of the Treasury**

**Release Number: 201527048**  
**Release Date: 7/2/2015**  
**Date: April 7, 2015**

**Employer Identification Number:**

**Contact person - ID number:**

**Contact telephone number:**

**LEGEND**

X = Name  
Y = Name  
b = Quantity  
c = Quantity  
d = Time Span  
e = Quantity  
f = Time span

UIL: 4945.04-04

Dear \_\_\_\_\_ :

You asked for advance approval of your educational grant procedures under Internal Revenue Code section 4945(g)(3). This approval is required because you are a private foundation that is exempt from federal income tax.

**Our determination**

We approved your procedures for awarding educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grants meet the requirements of Code section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

**Description of your request**

Your letter indicates that you will operate an educational grant program.

Your purpose is to undertake programs and provide financial support and assistance to charitable organizations that are exclusively charitable, educational and scientific in nature, and shall include environmental and cultural programs. You accomplish your charitable purposes by making grants and conducting activities in the areas of conservation, environmental protection, environmental and outdoor education, as well as conducting cultural and historical programs.

The purpose of your grant program is to support and encourage research and the development of innovative ideas by enabling recipients to conduct scholarly residencies.

Each grant recipient will receive housing and study space at Y, a house you own located in the state of X as well as transportation between locations. Participants will not receive funds in connection with the program and will be responsible for all other costs connected with staying at and traveling to and from Y. Information about your program will be publicized on your website and through a brochure you produce. Eligible individuals will include scholars, professionals, and other individuals affiliated with charitable and academic institutions who have specialized skills, experience, or knowledge in areas of your interests and that come within your exempt purposes.

You anticipate that grant recipients will use these residencies for activities such as the conduct of scholarly research and writing and the development of scholarly projects as well as for conferences among scholars and specialists in the areas of environmental science, conservation, education, and historical and cultural studies.

You currently anticipate awarding approximately b residencies per year, with up to c grant recipients in residence at a time. Each grant recipient may be accompanied by his/her spouse or partner. You hope that by permitting participants to bring their spouses or partners will create an atmosphere of comfort and community in which participants can think freely and creatively. The program is being conducted in an isolated area far from densely populated areas that should serve as a catalyst for creativity; however, you have acknowledged that on occasion, isolation can cause stagnation of thought and dialogue is often necessary to the development of ideas. Thus, in order to strike a balance between separation and community, you determined it would be helpful to permit spouses or partners to accompany program participants if desired.

Determination of eligibility for the grant program will include consideration of the following factors:

- a. Demonstration of exceptional scholarly or professional ability;
- b. Involvement in the fields of environmental science, conservation, education, or cultural and historical studies;
- c. History of work that engages with important social or environmental issues; and
- d. Interest in working in interdisciplinary and collaborative environments.

Eligible individuals will be required to apply directly to you and will be required to submit a personal resume, a description of their proposed activities, and a description of how their proposed activities furthers your mission. There is no formal application form.

The Selection Committee shall consist of the members of your board of directors. However, given your staff's proficiency in grant review and selection and your board's historic participation in your grant making, you have determined the Selection Committee will follow a two-step process for selecting program participants. Your staff including your Program Grants Associate and your Vice President of Finance and Administration will conduct the initial review of application packages and ensure that it contains all of the above elements, and will make an initial determination as to whether the activities described in the application sufficiently and appropriately further your mission. If your staff needs more information from a particular applicant, they may require such applicant

to submit additional information or to participate in an in-person or telephonic interview. Once the staff has determined whether to recommend approval or rejection of an application, they will send their recommendation in writing, accompanied by all application materials, to the Selection Committee for a final determination. However, in the event that any members of the Selection Committee have particular expertise in an applicant's field of work or study, the Selection Committee may meet to review and approve or reject the application directly, without the prior involvement of the staff. In the event that the Selection Committee conducts the initial review, the Selection Committee will follow those procedures. You anticipate that a majority of applications will be initially reviewed by the staff.

The number of grant recipients selected and the amount awarded to each recipient will be determined by your Selection Committee. This will be based on the number of qualified candidates, the resources and time needed for each residency, and your budget for the program. Grants of any duration will be considered and will be evaluated by the nature of the proposed objectives within the context of the proposed project time frame. However, it is currently anticipated that most grants will be for residencies for the length of d, and that such residencies will take place between the period f of each year.

The grant will be awarded on the basis of the intrinsic interest of the proposed project, its relevance to your exempt purposes, and the candidate's prior experience and contributions to the field or demonstrated academic achievement. You will strive to provide grants to individuals from diverse geographic regions, in order to further your global mission of fostering appreciation and protection of the natural world. Grant recipients will be eligible to participate in the grant program for two consecutive years. Following the second year, grant recipients will not be eligible to participate in the grant program for at least one year.

Grant recipients may not be disqualified persons with respect to you within the meaning of Code Section 4946. Grant recipients may not be related to any of your officers, directors, or substantial contributors, nor may they be persons whose selection would result in private benefit to any of your officers, directors, or substantial contributors.

Grants will be made pursuant to written grant agreements. All participants will be required to use the facilities for the charitable purposes specified. You will require that within e days after the conclusion of each individual's participation in the program, each person must deliver a written report to you detailing his or her use of time spent participating in the program, and how such use furthered your mission.

Participants in the program will not receive monetary grants. Thus, you do not intend to account for funds received in connection with the program, since such funds will not be granted.

In the event that grant recipients misuse the facilities, you will terminate the participant's involvement in the grant program.

You will maintain case histories showing recipients of your grants, including names, addresses, purposes of awards, amount of each grant, manner of selection, and relationship (if any) to officers, trustees, or donors of funds to you.

You represent that you will maintain all records relating to individual grants, including information obtained to evaluate grantees, whether a grantee is a disqualified person, establish the amount and purpose of each grant, and establish that you undertook the supervision and investigation of grants.

### **Basis for our determination**

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is:
  - A scholarship or fellowship subject to section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii); or
  - A prize or award subject to the provisions of section 74(b), if the recipient of the prize or award is selected from the general public; or
  - To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulations section 53.4945-4(c)(1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

### **Other conditions that apply to this determination**

- This determination covers only the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You may report any significant changes to your program by

completing Form 8940 and sending it to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service  
Exempt Organizations Determinations  
P.O. Box 2508  
Cincinnati, OH 45201

- You cannot make grants to your creators, officers, directors, trustees, foundation managers, or members of Selection Committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and must further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We've sent a copy of this letter to your representatives as indicated in your Power of Attorney.

Please keep a copy of this letter in your records.

If you have any questions, please contact the person listed at the top of this letter.

Sincerely,

Director, Exempt Organizations